

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

BUBBLES, INC.,)	Case 1:13-cv-00260
)	
Plaintiff,)	
)	
v.)	Alexandria, Virginia
)	January 3, 2014
SIBU, LLC,)	10:43 a.m.
)	
Defendant.)	
)	Pages 1 - 56

TRANSCRIPT OF MOTIONS HEARING
BEFORE THE HONORABLE ANTHONY J. TRENGA
UNITED STATES DISTRICT COURT JUDGE

COMPUTERIZED TRANSCRIPTION OF STENOGRAPHIC NOTES

1 APPEARANCES:

2 FOR THE PLAINTIFF:

3 JONATHAN D. FRIEDEN, ESQUIRE
4 LEIGH M. WINSTEAD, ESQUIRE
5 ODIN, FELDMAN & PITTLEMAN, PC
6 1775 Wiehle Avenue, Suite 400
7 Reston, Virginia 20190
8 (703) 218-2100

9 FOR THE DEFENDANT:

10 JONATHAN A. SCHIFFRIN, ESQUIRE
11 SCHIFFRIN & LONGO, PC
12 8201 Greensboro Drive, Suite 300
13 McLean, virginia 22102
14 (703) 288-4003

15 BLAKE D. MILLER, ESQUIRE, *PRO HAC VICE*
16 MILLER GUYMON, PC
17 165 Regent Street
18 Salt Lake City, Utah 84114
19 (801) 363-5600
20
21
22
23
24
25

1 THE CLERK: Civil Action 1:13-cv-260,
2 *Bubbles, Inc. v. SIBU, LLC.*

3 Would counsel please identify themselves for
4 the record.

5 MR. FRIEDEN: Good morning, Your Honor. John
6 Frieden with Odin, Feldman & Pittleman for Bubbles,
7 Incorporated. I'm here with Leigh Winstead.

8 MR. SCHIFFRIN: Good morning, Your Honor.
9 Jonathan Schiffrin on behalf of SIBU, LLC. I'm here
10 with Blake Miller from Miller Guyman, also representing
11 SIBU, LLC, and Bruce McMullin, president of SIBU, LLC.

12 THE COURT: All right. Welcome.

13 We're here on cross-motions for summary
14 judgment which I've reviewed together with the many
15 exhibits. I'll give counsel an opportunity to
16 highlight what they think needs to be highlighted based
17 on the pleadings.

18 Counsel.

19 MR. FRIEDEN: Thank you, Your Honor.

20 I will do my best to refrain my comments to
21 those which have not been addressed in the voluminous
22 briefing of these issues.

23 First, Your Honor, SIBU, LLC, concedes the
24 validity and protectability of the --

25 THE COURT: Let me just give you a general

1 observation that both of you can address. Obviously,
2 the fact finder, that is the Court in this case, is
3 going to have to make a judgment based on whether
4 there's a likelihood of confusion based on a whole
5 range of considerations that have been summarized as
6 nine, but really, there's many more.

7 Why is that just simply not so fact intensive
8 an inquiry that, based on the facts of this case at
9 least, the Court should make that on a full record as
10 opposed to summary judgment?

11 MR. FRIEDEN: Your Honor, I think in this
12 case, given that it's a bench trial and given the facts
13 that have been submitted and mostly conceded, this is
14 basically the full record. The fact is that most of
15 the elements have been conceded, Your Honor. The
16 differences the parties have have to do with their
17 interpretation of the facts, not the facts themselves.

18 THE COURT: The Court is going to also have
19 to attach weight to certain facts and certain factors
20 and balance all of that out, correct?

21 MR. FRIEDEN: Yes, Your Honor.

22 THE COURT: All right.

23 MR. FRIEDEN: But the facts themselves are in
24 evidence, and they are largely undisputed. In a
25 similar case -- it's *Synergistic International v.*

1 *Korman*, Eastern District of Virginia, awarded summary
2 judgment to the plaintiff. That summary judgment was
3 affirmed by the Fourth Circuit. Very similar facts,
4 two similar marks, some differences. In that case, it
5 was five years of coexistent use with zero instances of
6 actual confusion. There were a number of other
7 similarities with the case. It's very instructive
8 here.

9 I think ultimately the facts -- and the Court
10 can weigh whatever the facts are on the record of the
11 case. There's not a situation here where there is
12 going to be weighing of the credibility of the
13 testimony in large part, Judge. I don't think there's
14 a dispute as to -- or a suggestion that there's bias or
15 a suggestion there's someone being untruthful. The
16 facts are what the facts are, Your Honor.

17 And to get back to the argument with respect
18 to the elements, most of the elements of the claim, at
19 least with respect to liability on trademark
20 infringement are conceded. SIBU, LLC, concedes that
21 Bubbles owns the CIBU mark, that that mark is valid and
22 protectable. They suggest, however, that the
23 protectability or the scope of that protection is
24 limited to the goods that are described in the
25 registration.

1 THE COURT: Which is the hair care products?

2 MR. FRIEDEN: Which is the hair care
3 products. It's generally hair care products. It's a
4 longer description, Your Honor, but that's a good short
5 way to describe.

6 That argument, Your Honor, is contrary to
7 well-established law that the related goods doctrine
8 made clear that the owner of a trademark with a
9 registration has the exclusive right to use that mark
10 not only with respect to the goods mentioned in
11 registration but all related goods as well.

12 In fact, the defendant in *Synergistic*
13 *International, LLC v. Korman*, 402 F. Supp. 2d 651, out
14 of the Eastern District of Virginia in 2005, made the
15 exact same argument suggesting that the incontestable
16 registration should be limited to the narrow scope of
17 the goods described in the registration. The district
18 court rejected that argument.

19 That rejection of that defendant's argument
20 was affirmed by the Fourth Circuit at 470 F.3d 162 in
21 2006. In that case, the Fourth Circuit held that a
22 trademark registration of a suggestive mark, as this is
23 conceded to be, should be broadly construed, and the
24 appropriate reading is not limited to the text of the
25 mark's registered purpose.

1 So the CIBU mark is valid and protectable as
2 conceded by SIBU. That protectability or the scope of
3 protection is not limited, in accordance with the
4 related goods doctrine, to the scope described in the
5 registration.

6 So we move on then to what is essentially a
7 determination as to how confusingly similar these marks
8 are as used in the marketplace. We've pointed out the
9 concessions made by SIBU in prior proceedings. SIBU
10 has conceded that the Court may consider those
11 concessions.

12 What they admitted in those cases are that --

13 THE COURT: Well, the marks are spelled
14 differently, correct?

15 MR. FRIEDEN: They differ by a single letter,
16 yes, Your Honor.

17 THE COURT: They look different in terms of
18 script?

19 MR. FRIEDEN: It's a slightly different font.
20 Both are lower case fonts, yes.

21 THE COURT: So the strongest argument you
22 have is that some people pronounce them similarly or
23 the same?

24 MR. FRIEDEN: Well, it's more than some
25 people, Your Honor. The parties themselves, when they

1 promote to their consumers or potential consumers,
2 pronounce them identically.

3 THE COURT: All right.

4 MR. FRIEDEN: That's really what the Court
5 looks to, Judge. We've cited the case law that
6 supports the fact that it doesn't matter how somebody
7 in the consumer base may pronounce a mark, but it
8 matters how the mark is promoted.

9 Remember, Judge, that a trademark
10 infringement case in the analysis of likelihood of
11 confusion is largely an attempt by the Court to use
12 concrete evidence on how a market is used in the
13 marketplace, to make a guess or an educated guess as to
14 what consumers perceive.

15 Remember that all the evidence that we talk
16 about, all the elements that we talk about, Your Honor,
17 in terms of strength of mark and all the other factors
18 have to do with what the parties are doing and how
19 they're using the mark. Very little evidence in
20 trademark cases is brought from the standpoint of
21 consumers and how they perceive it; although, it
22 happens --

23 THE COURT REPORTER: I'm sorry?

24 MR. FRIEDEN: I'm sorry.

25 Very little of that evidence, Your Honor,

1 comes from the consumer base. It's an educated guess
2 on the part of the Court on the basis of how the marks
3 are used, how much they spend in advertising, how they
4 present the marks to the public.

5 The case law is very clear on the fact that
6 the pronunciation the public may assign to a mark is
7 immaterial. The pronunciation that the mark is
8 promoted is what's important. And in this instance,
9 there are three SIBU marks. The second SIBU mark is
10 SIBU pronounced SEE-BOO by every promotional video that
11 we've been able to find, every bit of audio that we've
12 been able to find, by the parties during their
13 depositions.

14 CIBU is pronounced just like SIBU. The
15 dominant portion of the SIBU marks is all SEE-BOO. The
16 case law that we've cited in our brief make it very
17 clear that the phonetic identity of two marks is very
18 important in terms of determining the similarity of
19 those two marks as used in the marketplace. Of course,
20 they've admitted, as they had to, in prior proceedings,
21 Your Honor, that the two marks are confusingly similar
22 if they are used for substantially similar goods,
23 essentially related goods.

24 So the real important issue here is in that
25 fourth factor, which is how the goods are related or

1 whether the goods are similar enough to establish that
2 there's a likelihood of confusion. In this case, Your
3 Honor, we sell hair care products with a few skin care
4 products. They sell primarily skin care products;
5 although, they've considered expanding into hair care
6 products. The fact is, Your Honor, that --

7 THE COURT: The trademark application is
8 still pending with respect to the skin care products?

9 MR. FRIEDEN: The second CIBU application is
10 still pending, Your Honor. The reason it's still
11 pending is because they filed an opposition to it in
12 which they allege that the mark is confusingly similar
13 to their mark if it's used for substantially similar
14 goods. So we're still held up by the positions they
15 took, which they'd like to reverse for the purposes of
16 this litigation, in the United States Patent and
17 Trademark Office.

18 With respect to the similarity of the goods,
19 Your Honor, it is important to note that it's not
20 required that the products at issue in a trademark
21 infringement claim be directly competitive. The case
22 law in the Fourth Circuit is very clear on that. What
23 we have here is we have hair care products and skin
24 care products, which are complimentary. They're used
25 as part of the same personal beauty regiment or

1 personal care regiment depending on how you describe
2 it. There's no dispute as to that.

3 The nature of the products are clearly
4 complimentary. In that case, I think *Synergistic*
5 actually suggests that --

6 THE COURT REPORTER: I'm sorry?

7 MR. FRIEDEN: *Synergistic International* is a
8 case that reminds us of the holding that when there are
9 complementary goods, those are closely related.

10 Every agency or court that's addressed the
11 matter of hair care and skin care products, Your Honor,
12 has found that they are closely related. There's two
13 decisions from district courts that we cited in our
14 last reply and probably a dozen decisions of the
15 Trademark Trial and Appeal Board, which all hold the
16 same thing, that hair care and skin care products are
17 related.

18 The facts that are undisputed or not properly
19 disputed demonstrate that they're marketed together.
20 They're sold by the same companies. They're used
21 together. And in this instance, it's not just a
22 theoretical concept or a theoretical relationship. The
23 actual product lines at issue are related. My client
24 started out using skin care -- or using hair care and
25 then moved into skin care.

1 THE COURT: When did they move into skin
2 care?

3 MR. FRIEDEN: They moved into skin care in
4 2010.

5 THE COURT: And prior to that, how long did
6 these two marks coexist in the marketplace?

7 MR. FRIEDEN: Your Honor, we began selling
8 our hair care products under the CIBU mark in 2003.
9 It's my understanding that SIBU branded products were
10 first marketed and sold in 2007. SIBU or SIBU, LLC,
11 considered expanding into hair care in 2009 because, as
12 they admit, it was a natural evolution for their skin
13 care line to expand into hair care; thus, once again,
14 demonstrating that not only theoretically these types
15 of products are related but --

16 THE COURT: Is it accurate to say that CIBU
17 first raised these trademark issues at the time that it
18 was moving into the skin care area?

19 MR. FRIEDEN: To suggest that these issues
20 were first raised by my client's move into skin care?

21 THE COURT: Yes.

22 MR. FRIEDEN: I believe that the -- I don't
23 believe that the move to skin care had occurred at that
24 time, Your Honor. I believe that the first issue with
25 respect to these marks occurred in 2008 or 2009.

1 THE COURT: In what context?

2 MR. FRIEDEN: In the context of one of my
3 partners, Your Honor. I'm not sure that it's in the
4 record, but one of my partners contacted SIBU, LLC,
5 with respect to their SIBU mark indicating an issue
6 with our CIBU mark for which we have the registration,
7 which was a prior registration.

8 THE COURT: And that began your interaction?

9 MR. FRIEDEN: Yes, A long journey of -- a
10 polite way to put it is interaction, Your Honor.

11 THE COURT: All right.

12 MR. FRIEDEN: So the real issue, then, is are
13 the goods closely related? In this instance, not only
14 are they in a general sense in terms of the product
15 lines or the types of products are related, but these
16 actual product lines are closely related as well.

17 THE COURT: You're saying they're related
18 irrespective of the skin care overlap? That even the
19 hair care is related to the skin care by the
20 defendants?

21 MR. FRIEDEN: Absolutely, Your Honor.

22 THE COURT: All right.

23 MR. FRIEDEN: And the only reason -- our move
24 into skin care, their plan to move into hair care only
25 demonstrates the relationship between the products.

1 Because the people who were using the marks believe
2 that to be a natural evolution of their product line.
3 That's just further proof that the two types of
4 products are related, which is consistent with, once
5 again, every court or agency who has considered the
6 issue.

7 THE COURT: All right. Would there be any
8 evidence that the defendants are trying to benefit from
9 the good will or product recognition of your client?

10 MR. FRIEDEN: There is, Your Honor. And with
11 respect to the intent element or the intent factor, as
12 considered by the courts in determining likelihood of
13 confusion, we would submit that -- and I think the case
14 law support us on this -- that intent in terms of the
15 defendant or the junior trademark user is most often
16 proved by circumstantial evidence.

17 The case law is clear that the evidence which
18 will support a finding with respect to intent is not
19 just evidence of what they were thinking at the time
20 but also circumstantial evidence relating to what they
21 were thinking at the time or their conduct thereafter.

22 In this instance, Your Honor, their intent in
23 adopting the mark is made clear by the fact that, one,
24 they adopted the SIBU mark after the CIBU mark was
25 registered, two or three years after, Your Honor.

1 THE COURT: Is there evidence that they were
2 aware of the mark at the time they adopted their own?

3 MR. FRIEDEN: No direct evidence, Your Honor,
4 except for the registration, which would be
5 constructive notice.

6 THE COURT: Right.

7 MR. FRIEDEN: And we would concede, Your
8 Honor, that that alone would not be sufficient to prove
9 bad intent, but those aren't the facts of this case.
10 The undisputed facts of this case also demonstrated
11 that --

12 THE COURT REPORTER: I'm sorry?

13 MR. FRIEDEN: The undisputed facts of this
14 case also further demonstrate, in addition to their
15 adopting the SIBU marks after the CIBU mark was
16 registered, that they continue to use the SIBU marks
17 not only after becoming aware of the CIBU mark, but
18 after representing in the United States Patent and
19 Trademark Office and the district court for the
20 District of Utah and in this court, Your Honor, that
21 the two sets of marks are confusingly similar if used
22 on similar products.

23 THE COURT: I assume this was explored in
24 their 30(b)(6) depositions. When do they state that
25 they first became aware of the CIBU mark?

1 MR. FRIEDEN: It changed in the course of
2 discovery, Your Honor. I believe that they -- their
3 latest position is they became aware after being
4 contacted by my partner in 2008 or 2009.

5 THE COURT: After they had gotten their own
6 registration?

7 MR. FRIEDEN: And that would have been after
8 they got their own registration, Your Honor.

9 THE COURT: All right.

10 MR. FRIEDEN: Moreover, Your Honor, I think
11 their conduct in terms of the obstruction of discovery
12 is instructive in terms of determining their intent.
13 We've string cited Your Honor a number of cases that
14 talk about a court's ability to view a party's conduct
15 in terms of concealing evidence or preventing another
16 party from obtaining discovery is indicative of a bad
17 intent underlying the claim. I think that the theory
18 of that is that if you have nothing to hide, you don't
19 have to hide it. So if you believe you've done nothing
20 wrong, then there's no reason to obstruct discovery or
21 to hide information that may support a claim. Because
22 if you believe you've done nothing wrong, then the
23 facts as they come to light will only prove that your
24 position is correct.

25 Your Honor, another issue, I think, that's

1 probably a cornerstone of the dispute in this case has
2 to do with the weight of the actual confusion evidence.
3 I would point out, Your Honor, that though we have
4 coexisted for six years, not eight as they suggest, and
5 we have demonstrated four instances of actual confusion
6 in addition to the survey evidence, which they also
7 dispute, that does not prevent summary judgment from
8 being granted in this case.

9 Once again, in *Synergistic International v.*
10 *Korman*, in that case, the district court granted
11 summary judgment despite no evidence of actual
12 confusion over five years of coexistence, and the
13 Fourth Circuit affirmed the decision as to liability in
14 that case.

15 Once again, Your Honor, the *Synergistic*
16 *International* case is particularly instructive because
17 the district court held and the Fourth Circuit affirmed
18 that a likelihood of confusion exists when both marks
19 are composite marks and the dominant word is suggestive
20 in the two marks with a difference in the two marks
21 only in the prefix and where the product involved,
22 though not being identical, belongs to the same general
23 class of merchandise.

24 That is precisely the situation that we have
25 here. We believe that *Synergistic International*

1 controls the decision in this case and demands that
2 summary judgment be granted in favor of the plaintiff.

3 THE COURT: How is the Court to weigh the
4 phonetic similarities against the visual
5 dissimilarities, if you will?

6 MR. FRIEDEN: Your Honor, I think it weighs
7 strongly. The Court points out that these
8 determinations in terms of trademark infringement are
9 very fact intensive. In this instance, the weight
10 given -- and I think there's some case law that would
11 suggest that the weight given to a phonetic identity is
12 strong. Particularly in this case, it's important.
13 Because remember, if you look back to the undisputed
14 facts with respect to how these products are promoted,
15 they are promoted, in large part, online with the use
16 of videos where the mark is pronounced repeatedly
17 throughout the video.

18 In instances where -- another example is if
19 you had a situation where there were marks that were
20 only promoted in print, where the consumers were only
21 seeing the marks, then the phonetic similarity would be
22 less important in that instance. Here, because they
23 are so heavily promoted through the use of online
24 videos and reviews of those products, not only created
25 by the parties but also by people that use them, the

1 phonetic similarity is very important. It is, in fact,
2 the dominant aspect of the mark and increases the
3 likelihood of confusion because how the consuming
4 public is presented with promotional materials is
5 primarily verbal or auditory. Therefore, they are
6 hearing the mark as often, if not more, than they are
7 seeing it.

8 We would suggest, Your Honor, also -- and
9 we've cited to a number of cases for the proposition
10 that differences in terms of whether there's a logo or
11 slight differences in font do not necessarily alter the
12 similarity of marks. In this instance, even the visual
13 similarity is significant. They are the dominant
14 portion of all the marks. In fact, the second SIBU
15 mark and the CIBU mark are nearly identical. It's four
16 letters with the only difference being whether it's a C
17 or an S.

18 As my six-year-old, who is learning to read,
19 points out to me all the time, C and S sound the same,
20 and everybody knows that they sound the same. So even
21 the visual differences between the marks are
22 insignificant in terms of --

23 THE COURT: The script is distinctively
24 different.

25 MR. FRIEDEN: The script is different, Your

1 Honor, but you'll note that both scripts are lowercase
2 fonts. In very few situations do you have identical
3 fonts. That would be a much easier case, I admit.

4 But in this instance, you have a lower case
5 font, a four-letter word spelled identically in
6 situations where both are presented in a Far East
7 motif. They've suggested that we use a Far East motif
8 in terms of our advertising scheme or we use, I guess,
9 Asian language sounding names for our products, which
10 is true.

11 They promote the fact that their primary
12 ingredient that they promote is sea buckthorn, which
13 comes from the Tibetan Himalayas. They also use a
14 motif which is very Far Eastern feel. So in light of
15 all of those things taken together, these marks are
16 very similar and likely to cause confusion in the
17 consumer base.

18 THE COURT: Now, although not part of their
19 trademark, am I correct that the word "sea buckthorn"
20 typically appears with their label?

21 MR. FRIEDEN: Yes, Your Honor.

22 THE COURT: What significance do you think
23 that has?

24 MR. FRIEDEN: In this instance, Your Honor,
25 we view that it has very little significance. There

1 are some instances where a tag line, for instance,
2 added to a mark will distinguish two marks that are
3 similar. But in this instance, it's not a tag line.
4 It references a single ingredient of their product.

5 As a consumer looking at that, what I'm
6 likely or reasonably likely to believe is that the CIBU
7 product line is one set of things whereas the SIBU
8 product line is provided by the same company but
9 includes that sea buckthorn ingredient, which is why
10 it's on the label.

11 In fact, that's what you see in the evidence
12 of actual confusion with respect to the focus group.
13 In that video, the woman thought -- the woman who was
14 confused thought that the SIBU branded products were a
15 line of CIBU branded products, that they originated
16 from the same source and that the spelling of the mark
17 indicated a difference but not a difference in source
18 originator or identifier of the originator of the
19 product.

20 So the sea buckthorn addition to the mark,
21 given the similarities of the advertising and the
22 similarities of the marks -- the similarities and the
23 fact that it's an ingredient in the product and
24 narrowly descriptive doesn't distinguish the two marks.

25 THE COURT: One other question: What's the

1 scope of the preclusive effect you think the magistrate
2 judge's ruling has with respect to similarity of
3 facilities?

4 MR. FRIEDEN: With respect to similarities of
5 facilities, Your Honor, which I believe is the fourth
6 factor, the magistrate judge's order that it's
7 established for the purposes of summary judgment and
8 trial that the parties use similar facilities to
9 conduct their business -- so essentially, it's been
10 established in our favor or in favor or in support --

11 THE COURT: What does that mean? The
12 magistrate judge didn't really elaborate what that
13 means. Does that mean they both use retail outlets,
14 they both use Internet, or does it mean something more
15 than that?

16 MR. FRIEDEN: It means more than that, Your
17 Honor. It establishes that factor in our favor.

18 THE COURT: In terms of how much weight to
19 give to that factor, doesn't the Court have to consider
20 some of the factual detail behind that label?

21 MR. FRIEDEN: I think, Your Honor, the
22 Court -- the Court can't consider the factual detail
23 behind that label, Your Honor, without essentially
24 eviscerating the label. That's what SIBU, LLC, would
25 like you to do, but the fact is they had a remedy for

1 the magistrate judge's order, and that was to file
2 objections to that order within 14 days.

3 THE COURT: Let me ask you this: It didn't
4 say that there's an identity of facilities. So can the
5 Court consider the facts, as I understand them, that
6 these two products are not sold out of the same retail
7 outlet, for example, or sold on the same website but on
8 different websites and out of different facilities?

9 MR. FRIEDEN: Your Honor, similar facilities,
10 I think what that means, Your Honor --

11 THE COURT: I understand. Would the Court be
12 able to consider those facts?

13 MR. FRIEDEN: No, Your Honor. I think the
14 Court has to take as established that they sell --
15 because the issue of similar facilities is how and to
16 whom the respective goods of the parties are sold. The
17 key question there is whether both products are sold in
18 the same channels of trade. That has been established,
19 Your Honor.

20 THE COURT: What does that mean? That's what
21 I'm asking. What factually does that mean in order for
22 the Court to attach weight to that factor?

23 MR. FRIEDEN: I think it has to be strongly
24 weighed, Your Honor, in our favor. Because to do
25 otherwise, Your Honor, puts us in the same position we

1 were in before Judge Jones.

2 The reason that Judge Jones deemed it in our
3 favor, Your Honor, is because we didn't have the
4 ability to get to the underlying facts so that we could
5 prove it.

6 So to the extent that the Court looks behind
7 the deeming, to look at the fact that they now -- what
8 they've done is limited the facts. They have said --
9 the only overlap in sales is on the Internet. They
10 sell in their own salons. We don't. Well, the fact is
11 is what we found in discovery is they do sell in
12 salons.

13 THE COURT: But not yours.

14 MR. FRIEDEN: Not ours, but different salons.
15 But the fact is that we were not able to fully flesh
16 that out because the distributors and brokers they were
17 supposed to identify for us, by the close of discovery,
18 out of 15 to 40, they had only identified 7.

19 THE COURT: How many?

20 MR. FRIEDEN: It was 7 out of -- they say 40.
21 We think it was at least 15 that we identified after
22 the discovery period.

23 So for the Court to go behind --

24 THE COURT: So about half? You got
25 information on about half of them?

1 MR. FRIEDEN: We got the identify of less
2 than half if it's only 15. In 30(b)(6) deposition,
3 they said it was as many as 40. Quite frankly, Your
4 Honor, I don't know.

5 But if the Court goes behind those, we're
6 placed in the same position, which we've been
7 disadvantaged by the fact that -- and this is not a
8 situation -- and I know that the Court knows Judge
9 Jones in this court. This is not a situation where a
10 single motion to compel was filed and they were ordered
11 to produce the information. We filed four discovery
12 motions.

13 It wasn't a situation where the magistrate
14 judge found that they had failed to comply with
15 discovery. The magistrate judge indicated in the
16 transcript of that hearing that he was making a finding
17 that they had objected discovery.

18 So to look behind the facts and to give
19 weight to their ability to sort of constrain the facts
20 to what they want the Court to see places us in the
21 same prejudicial position as we would have been in had
22 the court not deemed that admitted -- or deemed that
23 established.

24 So I believe that the Court has to take that
25 deeming as established and give it strong weight.

1 Because to do otherwise would essentially eviscerate
2 the magistrate judge's order and place us, quite
3 frankly, at an even greater disadvantage, Your Honor,
4 because we are not in a position to have all the
5 information to prove that we do sell in salons -- that
6 both parties sell their products in salons and they
7 sell, in many instances, salons that are right near
8 each other.

9 THE COURT: All right. Thank you. Let me
10 hear from the defendants.

11 MR. MILLER: Good morning, Your Honor.

12 THE COURT: Now, as I understand it, you
13 think their motion should be denied because there are
14 factual disputes that would need to be resolved in
15 order for them to prevail.

16 MR. MILLER: I think that's clear, Your
17 Honor.

18 THE COURT: But you don't think there are any
19 factual disputes that would prevent you from
20 prevailing?

21 MR. MILLER: No. I think the issue, as just
22 simply stated, is there sufficient evidence to go to
23 trial on likelihood of confusion? If there is, it's
24 going to require a trial. If not a possibility of
25 confusion but a likelihood, then summary judgment is

1 appropriate. So the only issue, I think, before Your
2 Honor today is should the matter go to trial or not,
3 not whether summary judgment should be granted for
4 plaintiff.

5 THE COURT: While we're talking about this,
6 what's your take on the scope of Judge Jones' ruling on
7 similarity of facilities?

8 MR. MILLER: As I understand it -- well, we
9 sell through distributors. The plaintiffs tried to
10 subpoena our distributors. We're out there trying to
11 get them to comply. They're not us. We don't control
12 them.

13 THE COURT: Then the distributors, in turn,
14 distribute to other retail facilities?

15 MR. MILLER: Right. And I think they were
16 looking at geographic scope. They were also looking at
17 whether or not some of our distributors or distributors
18 of distributors sell to salons. In the short time
19 period, we couldn't get all the distributors to comply.
20 They are not under contract to us. It's just what it
21 is. Magistrate Jones ruled that the facilities issue
22 is presumed.

23 Counsel mentions it shouldn't put them in a
24 worse position than before. I agree with that, but it
25 certainly shouldn't put them in a position that they

1 weren't before or admit facts that clearly are
2 undisputed.

3 For example, clearly, we're not using the
4 same retail store. They sell physically through their
5 own salons. That's where they sell them. They control
6 what products are in their salons. I highly doubt
7 they're going to let our products go in their salons
8 even through a distributor. I don't think the
9 magistrate wanted to ignore that undisputed fact.

10 I think the scope of that ruling, Your Honor,
11 is that geographically you can consider the fact we're
12 in all 50 states. Some of our distributors or
13 distributors of distributors may sell to salons.
14 That's the extent of it.

15 To rule that we're on the same facility would
16 go -- would create a fiction and run against what the
17 plaintiffs themselves say. It wouldn't make any sense.
18 Clearly, we're not in their salon.

19 THE COURT: Are there transcripts of Judge
20 Jones' rulings?

21 MR. MILLER: I don't know.

22 MR. FRIEDEN: There are, Your Honor. We can
23 get a copy.

24 THE COURT: Well, they should be filed if
25 they --

1 MR. FRIEDEN: We'll make sure they are filed.

2 THE COURT: All right.

3 MR. MILLER: I think the way to interpret
4 Judge Jones' ruling is inconsistent with what's
5 undisputed in this case.

6 THE COURT: All right.

7 MR. MILLER: That is to bind us to a
8 geographic scope of the nation and distributors of
9 distributors may sell to salons, not theirs.

10 THE COURT: All right. What's your response
11 to their position that you've conceded likelihood of
12 confusion as to lotions in related litigation?

13 MR. MILLER: Highly disputed. We don't
14 concede that in any way, shape, or form.

15 Again, a little background, Your Honor. We
16 basically -- we registered the first mark in 2005,
17 started use in 2005, not later.

18 THE COURT: 2005?

19 MR. MILLER: 2005.

20 THE COURT: You got your registration in
21 2007?

22 MR. MILLER: I believe so.

23 THE COURT: Okay.

24 MR. MILLER: The first use goes back to '05.
25 These products have been in the marketplace competing

1 eight years, not six, eight.

2 THE COURT: Well, they weren't competing
3 until recently, correct?

4 MR. MILLER: It was 2010, I believe, that the
5 plaintiff started their lotion or at least made
6 application for it. It's a very small portion, I
7 understand, of their line. If you get on their
8 website, you actually have to search for it. You can't
9 just find it. But it is now a part of their product
10 line or lotions. We've been doing that earlier. We
11 were actually the first use for lotions in the first
12 application.

13 They had the mark earlier for hair care
14 products. Your Honor, let me make it clear: We're not
15 in hair care. I'll make a representation to the Court
16 today: We have no intent on using the SIBU mark in
17 hair care, period. It won't happen.

18 We're dealing with simply the issue of
19 lotions and hair care products.

20 THE COURT: Are all of your client's products
21 derived from the sea buckthorn seed?

22 MR. MILLER: Every single one of them.
23 That's all we do. We are the sea buckthorn company.
24 It's a little orange berry from the Himalayans, and
25 that's what we do. We sell products that contain that.

1 Counsel says --

2 THE COURT: Are there other commercial
3 products that are built around that berry?

4 MR. MILLER: Yes. In fact, we sell a number
5 of them. Counsel says we're primarily lotions. No, it
6 is not, and we have never conceded it's not. Lotions
7 are just one thing we do. It's largely a nutraceutical
8 company. It's health. We cater to those who are
9 interested in the benefits of ingesting and using
10 beverages and products that contain sea buckthorn.
11 It's a health food marketplace. That's what we do.

12 THE COURT: You have drinks?

13 MR. MILLER: Yes, juices, beverages,
14 capsules.

15 THE COURT: It uses the SIBU name as well?

16 MR. MILLER: Every single one. They all use
17 SIBU, and they all have the sea buckthorn berry.
18 That's what we do.

19 We do not concede at all that there's a
20 likelihood of confusion. At a period of time when this
21 first got started in 2010, there were some pleadings
22 made before the trademark board. It's not relative
23 now. In fact, we even filed a counterclaim here in
24 this case. We then looked to see if there's a
25 likelihood of confusion. The products have been in the

1 marketplace since then. We found zero, zilch, none,
2 nothing, and asked for our counterclaim to be
3 dismissed. We can't show likelihood of confusion. We
4 don't believe it exists. We've never conceded that.
5 In fact, in paragraph --

6 THE COURT: What were the statements in the
7 litigation that the plaintiff is relying on?

8 MR. MILLER: Well, the answers to
9 interrogatories. I think it's number nine of the first
10 set.

11 By the way, they quoted wrong. We indicate
12 that plaintiffs believe there was -- we admit that
13 plaintiffs believe there's a likelihood of confusion,
14 not SIBU. There are statements in the trademark board,
15 though, about that.

16 In our counterclaim, we do say SIBU. It was
17 a typographical error, but it's dismissed. We withdrew
18 that counterclaim with the court's permission. It's
19 gone. It's over. We don't believe there is any
20 likelihood of confusion whatsoever.

21 THE COURT: All right.

22 MR. MILLER: I don't even know what -- and
23 this idea of concession, I don't know what legal theory
24 it would be based on. Judicial estoppel? The Fourth
25 Circuit, like the circuit I practice in --

1 THE COURT: Or judicial admission.

2 MR. MILLER: -- requires -- at least it
3 requires some sort of act that the court takes with
4 respect to that. There was none. It's like an
5 alternative pleading which got dismissed. We
6 couldn't --

7 THE COURT: These admissions that they
8 allege, they occurred in the Utah litigation; is that
9 right?

10 MR. MILLER: Yes.

11 THE COURT: These were in pleadings filed in
12 the Utah litigation in federal district court?

13 MR. SCHIFFRIN: Yes. They were very
14 preliminary. They disputed jurisdiction. It got
15 kicked out for jurisdiction. They're done.

16 THE COURT: All right.

17 MR. MILLER: There was no action taken on
18 this whatsoever.

19 THE COURT: I understand.

20 MR. MILLER: That was very early on in 2010.
21 We've now got a history of this where it's clearly
22 established there is no likelihood of confusion between
23 these products or the branding, and that, we believe,
24 is the stronger case by far. Your Honor, if there
25 were -- they argue we concede issues and that there

1 should be summary judgment on related goods. The issue
2 of whether or not it's a related good is itself a
3 question of fact.

4 We've submitted testimony that we believe
5 these health extract products are not related. You can
6 look at a general -- the Ed Gully declaration. You can
7 look at general categories. There is a general omnibus
8 category called beauty. There's a subcategory between
9 the two, and there's even a sub-subcategory between
10 health and prestige.

11 What the plaintiffs are is they sell prestige
12 products through their salons. We sell health care
13 products to those who are interested in ingesting and
14 using sea buckthorn. They're not related products, and
15 we believe evidence will be required to the Court to
16 show that. It's certainly not one for summary
17 judgment.

18 THE COURT: Your client is a private company?

19 MR. MILLER: Yes. Yes.

20 We acknowledge, Your Honor, that on the
21 plaintiff's side what they have is their case is
22 basically that these marks are phonetically similar.
23 They argue they're both advertised on the Internet and
24 that some of those advertisements use females, about
25 51 percent of our population.

1 On the other hand -- by the way, Your Honor
2 asked about weight to be given to phonetics. It
3 depends on how the consumers perceive it. On the
4 Internet with exception of videos, it's all in print.
5 It's the visual representation of those marks that
6 control, and those are not similar. Your Honor can see
7 those and look for yourself, but they are not similar
8 looking marks in font or style. It's a pronunciation
9 issue and a pronunciation issue only.

10 On the other hand, we know what these marks
11 have actually done in the last eight years. We have
12 history. There's no appreciable actual confusion. The
13 most single important factor in these cases is history
14 and actual confusion. There is none.

15 They're sold to different consumers. They
16 are different products. The products do not and will
17 not appear for sale in the same physical location,
18 their salons. It won't happen unless they make it so.
19 The other factors, we believe, don't support likelihood
20 of confusion. It's just phonetics.

21 Let me address actual confusion, which is
22 really the most important, very briefly, Your Honor.
23 All we have -- for example, before the action was
24 filed, there is one e-mail, one, a misdirected e-mail.
25 It clearly wasn't evidence of a confusion of product.

1 They're asking for shampoos and conditioners. We don't
2 make them. We don't have a shampoo or a conditioner
3 for which they could be confused over. Clearly, it was
4 just a misdirected e-mail.

5 The case law here in this court, *Worsham* or
6 in the *Duluth* case out of the other circuit make it
7 clear that that's not enough. In fact, we have less
8 here, substantially less here than the court found in
9 *Worsham* did not rise to the level of actual confusion.

10 THE COURT: So what you're saying is even if
11 there were actual confusion, it's not going to result
12 in any harm because they couldn't buy a substitute
13 product from you?

14 MR. MILLER: Well, there's no confusion as to
15 their product as ours. We don't have the product.

16 THE COURT: Since you don't have health care
17 products, if they came to you and they say, We want
18 shampoo, you'd say, Well, wrong SIBU.

19 MR. MILLER: Wrong SIBU, yeah. There's no
20 harm. Both parties have profited. They've all grown.
21 They've sold millions of dollars worth of product, and
22 there is not a shred of evidence indicating either one
23 have tread on each other and hurt each other in this
24 market, not a single shred.

25 Since the lawsuit was filed, among the

1 thousands of e-mails produced, another e-mail was
2 found. Again, just one. It was not from a consumer.
3 It was from a blogger who was soliciting content for
4 her blog, again, just confusion over the company name.

5 THE COURT: So there's no overlap in product
6 lines other than this more recent lotions product line?

7 MR. MILLER: That's right.

8 Primarily, we're health. That's juices.
9 That's capsules. I'm not aware of any evidence that
10 when people see our capsules, they get confused and
11 think should I put this on my hair. They're to be
12 ingested. If there's any benefits to the hair, as
13 plaintiffs have alleged, it's simply because the health
14 benefits of ingesting the sea buckthorn help your
15 nails, help your skin, help your eyes. It is no more
16 likely to confusion with someone who provides
17 eyeglasses.

18 THE COURT: How many different lotion
19 products do you market?

20 MR. MILLER: May I inquire?

21 THE COURT: Yes.

22 MR. MILLER: Eight or nine.

23 THE COURT: All right.

24 MR. MILLER: The majority -- it's not
25 primarily. The majority of the stuff is in these other

1 products that --

2 THE COURT: Out of a total product line of
3 how many items?

4 MR. MILLER: Twenty-two.

5 THE COURT: All right.

6 MR. MILLER: The products just themselves are
7 different, Your Honor. Again, premier salon type
8 products. These are products that people go into hair
9 salons to have an upscale experience. They can have
10 their salon person -- I'm sorry. I don't go to them.

11 THE COURT: You're talking about your
12 products or their products?

13 MR. MILLER: Plaintiff's.

14 They can go to the salons, have their hair
15 stylist -- I guess would be the term -- use these
16 products. They can also purchase them there. It's the
17 only physical place they can. It is to be contrasted
18 by the health food area where we only make sea
19 buckthorn products.

20 As Mr. Gully pointed out in his declaration,
21 it's a very separate subcategory and a separate
22 sub-subcategory. It's juices, capsules, extracts, and
23 lotions. There's no evidence the consumers are going
24 to be confused between these capsules and the
25 hairstyling.

1 And the consumers themselves are different.
2 Their consumers are looking for the hairstyle. Our
3 consumers are the health food, the whole food market,
4 the MOM's health food market here in this area.

5 Both parties are providing what we call
6 specialty products to very discerning customers.
7 Although they use their own employees as purported
8 experts to say the skin care and hair care are often
9 found in the same -- and that may be true if you're
10 talking about Wal-Mart or Target. It's not true when
11 you're talking about specialty type products like
12 they're offering.

13 The case law is clear that consumers of
14 specialty products typically select those products
15 because the uniqueness of the products. They go and
16 buy the plaintiff's hair products because they've used
17 them at their salons. They want to duplicate that at
18 home. Those consumers are sophisticated. They know
19 what they're looking for.

20 The consumers that use the defendant's
21 products use it because the sea buckthorn extract, and
22 they're looking for the health qualities given by that
23 product. They're not confused by whether or not the
24 sea buckthorn product is an upscale hair salon product.
25 These consumers know different, and that's why you

1 don't see any evidence of actual confusion.

2 Let me address briefly some comments made
3 about the strength of the market. Yes, we do concede
4 that in the hair care products, the plaintiff's mark
5 has been incontestable over five years, yes, as to hair
6 care products. We were the first ones to use lotions,
7 and we were the first ones to register it.

8 So the issue then, in part, is does this
9 related doctrine product apply sufficiently to excuse
10 them? Obviously, the plaintiff didn't think so. It
11 went and filed a second registration for lotions
12 thinking it needed that coverage. So plaintiff thought
13 it needed to. We believe they needed to. It's
14 certainly not conceded. If Your Honor feels this needs
15 to go to trial, that will be a disputed issue of fact.

16 Similarity of advertising, there really isn't
17 any overlap. The defendant advertises in targeted
18 health magazines. The plaintiff does not. The
19 plaintiff did not purchase outside advertising such as
20 that. They rely on salon and unsolicited media
21 coverage.

22 There is one commonality, the Internet. I'm
23 not aware that the plaintiff purchases Internet but
24 does self-promote through social media generally free,
25 Twitter, YouTube, stuff like that as does every other

1 single major company in the country. If using the
2 Internet made it so that there is a commonality in
3 advertising, that element now in this day and age is
4 totally meaningless because everyone uses it. It is so
5 ubiquitous that it's lost its meaning if the Internet
6 itself is the way in which commonality is to refer to.

7 That same problem of ubiquitousness is looked
8 for with respect to the defendant's intent. Plaintiff
9 argues, well, you can infer intent circumstantially
10 because we refuse to give up our mark. In a case where
11 you refuse to give up your mark and we go to court, you
12 can presume that we've used the mark in light of their
13 allegations and we have bad intent. Again, that makes
14 that factor totally 100 percent irrelevant because
15 guess what? In every case that's what happens.

16 The fact you don't honor a cease and desist
17 letter should not by itself find intent.

18 The idea of spoliation, Your Honor, I don't
19 even know how to seriously deal with that issue. I am
20 unaware of any finding of spoliation. I am unaware of
21 case or event that we have done. I am unaware of
22 anything here that would even rise to that level. We
23 were unable to get our distributors to give the
24 information plaintiffs felt they were justly entitled
25 to. Third parties, that's what happened.

1 The suggestion by plaintiff's counsel that we
2 have hidden evidence or failed to give evidence,
3 therefore, justifying an intent not only assumes facts
4 not in evidence, but I find personally insulting. It
5 is not what happened in this case.

6 Your Honor, in a nutshell, the plaintiff's
7 case starts with and ends with the phonetic similarity.
8 I admit that at first blush that got my attention.
9 Then you look at the history in the marketplace. You
10 look at the other factors, and there's simply no
11 evidence to justify going forward. It makes sense.
12 These are different products targeted to different
13 consumers, marketed differently. They will never
14 appear in the same facility. They are different
15 graphics. There's only the sound, and in light of no
16 evidence of actual confusion in the marketplace,
17 phonetic similarity is just not enough.

18 THE COURT: All right. Thank you.

19 Counsel, I'll give you the last word on this.

20 MR. FRIEDEN: Your Honor, with respect to the
21 transcript in which Judge Jones found that they
22 obstructed discovery, that has been filed. It's
23 Document Number 120-2. I believe -- that was filed in
24 support of our reply and in support of our motion for
25 partial summary judgment.

1 THE COURT: Thank you.

2 MR. FRIEDEN: That's Judge Jones' ruling with
3 respect to the third motion to compel immediately
4 before the fourth motion, which is where he deemed the
5 establishment. We will find the transcript for the
6 fourth and make sure that's filed as well.

7 THE COURT: All right. How important is it
8 to your position the overlap on the lotions? That's
9 the only overlap in terms of the actual products; is
10 that right?

11 MR. FRIEDEN: That's the only overlap in
12 terms of actual specific products. How important is
13 that? I think it's important in a number of ways, Your
14 Honor, because it shows that even with respect to hair
15 care and skin care, there's a relationship because both
16 parties have moved to the middle. And now they say
17 they're not going to move into hair care, but in 2009,
18 they don't dispute that they had intended to move into
19 hair care. So it's important because it shows, one,
20 where the harm is going to come from, but it's
21 important also to show the relatedness between the skin
22 care and the hair care lines, Judge.

23 THE COURT: All right. But your position is
24 not so much that there's confusion as to specific
25 products, but there's confusion as to origin?

1 MR. FRIEDEN: Yes, Your Honor.

2 THE COURT: All right.

3 MR. FRIEDEN: With respect to the benefits
4 that they champion in terms of all of their SIBU
5 branded products, it is the sea buckthorn berry, Your
6 Honor. They highly promote the benefits of that
7 product to hair. And in that instance, Your Honor --

8 THE COURT: Say that again.

9 MR. FRIEDEN: They spent a lot of time
10 promoting the benefits of SIBU, LLC, promoting the
11 benefits the sea buckthorn berry has to hair. So it's
12 not a great leap for a consumer to believe that they
13 might have hair care products as well.

14 The issue is not, Your Honor -- in terms of
15 trademark infringement, the issue is not that a
16 customer is going to go to them looking for CIBU
17 branded products and go away because they don't have
18 the opportunity to buy hair care from them. The issue
19 is that they will go to them believing that it's
20 sponsored by us and purchase one of their products
21 because they believe it to be associated with us as the
22 originator.

23 They suggest that we have mischaracterized
24 their concessions with respect to the confusingly
25 similar nature of the marks, and that's just not true.

1 In Document Number 12 in this case, Your Honor, at
2 page 12, paragraphs 19 through 21 and 24, which was
3 their counterclaim which was dismissed -- however, that
4 document contains the following statement:

5 Quote, SIBU admits that SIBU and CIBU marks
6 are confusingly similar when used to sell body creams
7 and lotions, period, end quote.

8 That's an admission, Your Honor, and the fact
9 that their counterclaim was withdrawn voluntarily makes
10 it nothing other than an admission.

11 In their opposition to Bubble's trademark
12 application Serial Number 85/111316, which is the
13 second registration request for the SIBU mark for skin
14 care products and a number of other things, they state
15 quote, The similarity in sound and appearance between
16 SIBU and CIBU marks creates a likelihood of confusion
17 if the marks are used in the sale of the same or
18 substantially similar products, period, end quote.

19 They suggest that it would only be a judicial
20 admission if an action had been taken, but the fact is,
21 Your Honor, these representations were made in 2011 and
22 2012. They have not withdrawn their objection to our
23 CIBU registration for skin care. As a result, we don't
24 have the registration. So an action has been taken by
25 the USPTO on the basis of this representation, and we

1 are in a holding pattern because of that. They have
2 not undone it. What they would like to do, Your Honor,
3 is maintain that representation there and make a
4 different representation here.

5 With respect to the argument that there's no
6 appreciable actual confusion, they concede that a large
7 number of their products are sold through distributors,
8 which they claim to have no control over. They suggest
9 that it wasn't a concealing of information, that they
10 didn't have the ability to control third parties. I
11 would suggest to you that Judge Jones found that to not
12 be the case, and the transcripts will make that clear.

13 The fact is, Your Honor, they didn't even
14 provide the information within their control. Had they
15 identified back in August, which is when we filed our
16 first motion to compel on these issues, the identity of
17 the distributors and brokers, we would have subpoenaed
18 them at that time and gotten the information. And I
19 might've had a complaint that they didn't provide me
20 the information pursuant to another discovery request,
21 but it's never a complaint I would have raised to this
22 Court because I would've had the information I needed.

23 The fact is, Your Honor, at the close of
24 discovery, despite the fact that they admit to having
25 at least 15 to 40 of those brokers/distributors, they

1 had identified precisely 7. We didn't have the
2 opportunity to obtain the information directly from
3 those third parties. We didn't have that opportunity
4 because based on Judge Jones' decision, they obstructed
5 discovery. That's not me saying it. It's Judge Jones
6 saying it. They didn't object to that order or to that
7 finding; therefore, it's established. They can't even
8 appeal it when the case goes to the Fourth Circuit.

9 So the fact is, Your Honor, the lack -- if
10 there is a lack of evidence of actual confusion, it's
11 based in large part upon their conduct. As the Court
12 well knows, the measure of actual confusion is not
13 absolute. The Court views actual confusion vis-a-vis
14 what the Court would expect to see in terms of evidence
15 of actual confusion.

16 And in instances where the products are
17 fairly inexpensive and are impulse buys, like hair care
18 products, courts have found that you don't need much
19 actual confusion to establish this factor. In this
20 instance, Your Honor, we have a unique situation where
21 the difficulty in bringing to light evidence of actual
22 confusion is directly related to the bad conduct as
23 found by the magistrate judge of the defendant in this
24 case.

25 Had the defendant not acted in the way it

1 did, there might have been much more evidence of actual
2 confusion. But they cannot complain --

3 THE COURT: How would it be precluded in
4 finding actual confusion evidence?

5 MR. FRIEDEN: When you sell through a
6 distributor, Your Honor, a consumer that's confused by
7 the nature of the product or the consumer that's likely
8 to contact you about a product is likely to contact the
9 people they buy the product from, the brokers and
10 distributors. They're less likely to go to directly to
11 SIBU, LLC. So sending discover to them may not get the
12 actual confusion evidence that the retailers, the
13 distributors, and the brokers have.

14 THE COURT: You knew of some of the
15 distributors?

16 MR. FRIEDEN: Yes, and we subpoenaed them.

17 THE COURT: Did you depose them?

18 MR. FRIEDEN: We did not depose them. We
19 didn't find them -- it was towards the end of the
20 discovery period, Your Honor. After the third motion
21 to compel, we finally got all of that information. We
22 subpoenaed those distributors. We found some
23 information which was helpful, and we worked through --
24 we investigated that --

25 THE COURT: Information as to actual

1 confusion?

2 MR. FRIEDEN: -- information that we thought
3 might indicate it. It didn't indicate it. I know -- a
4 little bit about the background, Your Honor. In
5 calling down the evidence we were going to present, we
6 wanted to make sure the evidence was clear. It was not
7 as clear as we would like.

8 THE COURT: All right.

9 MR. FRIEDEN: The fact is, Your Honor, we
10 only knew about seven of them before the discovery
11 period. Some of those weren't identified in time even
12 for us to subpoena. Then the other eight or however
13 many weren't identified until after the discovery
14 period -- the fact is that those are the individuals
15 and companies most likely to have the actual confusion
16 evidence.

17 The fact is, Your Honor, that there's a
18 period of several years. There's four instances of
19 actual confusion that we could prove even under these
20 circumstances in addition to the survey evidence.

21 THE COURT: Let's assume it were conceded
22 there was a likelihood of confusion as between the two
23 marks as it applies to lotions.

24 MR. FRIEDEN: Yes, Your Honor.

25 THE COURT: As I understand your position,

1 that carries over to the broader issue of whether
2 there's likelihood of confusion as to the marks
3 generally because your mark is uncontestable and it
4 would trump basically their junior mark; is that right?

5 MR. FRIEDEN: Yes.

6 THE COURT: Even as to lotions?

7 MR. FRIEDEN: Yes, Your Honor.

8 THE COURT: All right.

9 MR. FRIEDEN: Really, that has to do with
10 whether the goods are related.

11 THE COURT: Because the goods are related?

12 MR. FRIEDEN: Yes, Your Honor.

13 THE COURT: All right.

14 MR. FRIEDEN: One last point, Your Honor.

15 They mention that the Internet is ubiquitous in terms
16 of its use for marketing and advertising, which is
17 true. Their view that just because two parties use the
18 Internet doesn't mean that they share advertising
19 channels is also true, but this isn't the case we have
20 here. Perhaps they have a bit of an outdated view of
21 what the Internet is like. In this instance, it's not
22 just that both parties have Web storefronts. They have
23 websites. They also use precisely the same social
24 media sites, Twitter, Facebook, and YouTube. They're
25 both heavy users of YouTube.

1 This is the best analogy I can think of. If
2 I were to come in and say, We have similar advertising
3 because we both advertise on cable television, the
4 argument might be made, well, that's really ubiquitous.
5 A lot of companies advertise on cable television. But
6 that's not what we're saying. What we're saying is
7 much more akin to we both advertise on cable television
8 on the exact same networks. We both advertise on
9 Discovery, on the science channel, and on CNN. That is
10 a similarity in advertising media, and it should be
11 considered to support a finding of likelihood of
12 confusion in this case.

13 Your Honor, I would suggest -- we have a
14 trial date coming up in ten days. We believe that
15 summary judgment is appropriate in our favor. If not,
16 we believe that it's certainly appropriate for the
17 Court to establish certain facts contained in the
18 motions as being established for the purposes of any
19 hearing that would be later needed.

20 THE COURT: All right. Thank you.

21 MR. MILLER: May I?

22 THE COURT: Go ahead.

23 MR. MILLER: I just want to clarify one fact
24 that Mr. Frieden brought up. He had mentioned that
25 there has been a determination by the Patent and

1 Trademark Office with regard to their second
2 application. That's not a determination. The
3 application is actually suspended based on the Utah
4 proceeding and then this proceeding. Prior counsel for
5 defendant had actually asked that it be removed from
6 suspension. They wanted to keep it on suspension. So
7 the reason the board hasn't acted, essentially, is
8 based on simple suspension and the fact that the board
9 will every six months inquire as to whether there's
10 been any progress in the district court case. Since
11 we've had a district court case for a while now,
12 there's been no reason to remove it, but it has not
13 made any determination one way or the other.

14 THE COURT: All right.

15 MR. MILLER: Your Honor, may I real quickly
16 respond to one thing?

17 THE COURT: Go ahead.

18 MR. MILLER: Counsel asked that if they're
19 not granted summary judgment, that they get undisputed
20 issues of fact applied to trial. I think that's
21 improper, Your Honor. Rule 56 makes it very clear that
22 undisputed facts are for the purposes of the motion
23 only. There's case law I'm very familiar with -- I
24 can't cite now because this was just raised -- to
25 indicate that a trial -- if summary judgment is not

1 granted, the parties are free to produce whatever
2 evidence they choose on those facts. That would be
3 what we intend on doing.

4 THE COURT: All right. The Court wishes it
5 could resolve this on summary judgment, but I don't
6 think it's in a position to do that consistent with the
7 standards that apply to summary judgment, which would
8 require, in order to enter summary judgment, that even
9 when viewing the facts most favorably to the nonmoving
10 party, there's no genuine issue of material fact and
11 one party is entitled to judgment as a matter of law.

12 As I think counsel for both parties
13 recognize, it's fairly fact intensive, and it's going
14 to require this Court to assign weight to various
15 factors and to assess an overall balance between those
16 factors with respect to their ultimate issue of whether
17 there is likelihood of confusion as between these two
18 marks.

19 So the Court is going to deny both motions
20 for summary judgment.

21 There is a motion to strike alleged facts in
22 evidence supporting the defendant's motion for summary
23 judgment. The Court would reach the same decision with
24 respect to summary judgment irrespective of whether or
25 not those facts were considered. So the Court is going

1 to deny that motion as moot.

2 With respect to the in limine motion to
3 exclude testimony, the Court is going to defer that
4 until the trial.

5 So we'll proceed to trial on the 13th.

6 I understand that both parties have raised
7 various objections to exhibits for everything from
8 authenticity to other issues. It strikes the Court
9 that a lot of the evidence can be presented in a fairly
10 summary fashion. It's really going to get down to
11 arguing what the evidence means. So I would ask both
12 sides to really make a genuine effort to really try to
13 agree on what can be stipulated to in terms of the
14 evidence and really limit what live testimony we're
15 going to need to present beginning on the 13th.

16 All right.

17 MR. MILLER: Your Honor, may I ask for a
18 little bit of clarification on some of the deadlines?

19 THE COURT: Yes.

20 MR. MILLER: I think we have a prior order
21 that states that the witness list and trial exhibit
22 list would be due after your ruling on summary
23 judgment. So that would be Monday.

24 Then also, just because the trial is on the
25 13th and we need five business days to provide the

1 binders as well, that would also be on Monday.

2 So just to be clear, the witness list and the
3 binder that would be submitted to opposing counsel and
4 to the clerk's office would both be on Monday?

5 THE COURT: I could extend that a couple of
6 days if you all --

7 MR. FRIEDEN: Your Honor, if I may?

8 THE COURT: Yes.

9 MR. FRIEDEN: Taking to heart what the Court
10 has suggested, I believe that we'll be able to do that.
11 Perhaps it makes sense to move back that deadline
12 because if counsel on Monday can arrange to talk by
13 phone and go over the evidence that they intend to
14 submit in summary fashion --

15 THE COURT: Why don't I extend it to close of
16 business on Wednesday?

17 MR. FRIEDEN: I think that's perfectly
18 appropriate, Your Honor. Would the Court wish us to
19 present objections in writing or just raise them at
20 trial? Say objections by Friday?

21 THE COURT: That would be fine. To the
22 extent there are any genuine objections, I'd like to
23 have some short briefing on that. So that can be
24 submitted by Friday.

25 MR. FRIEDEN: Thank you, Your Honor.

1 THE COURT: All right.

2 MR. MILLER: Just to be clear then, so the
3 deadline is moved back for the lists and the exhibits
4 to Wednesday?

5 THE COURT: Correct.

6 Okay. Anything else?

7 (No response.)

8 THE COURT: All right. I take it the case is
9 unable to be resolved.

10 MR. FRIEDEN: We met with Judge Jones. We
11 thought we were close. It did not materialize. I'm
12 certainly happy to speak with counsel as we walk out
13 today.

14 THE COURT: I would urge you to continue your
15 efforts if you can. Otherwise, I will see you on
16 Monday, the 13th.

17 MR. FRIEDEN: Yes, Your Honor. Thank you,
18 Your Honor.

19 MR. SCHIFFRIN: Thank you.

20 MR. MILLER: Thank you.

21 THE COURT: The Court will stand in recess.

22 -----
Time: 11:43 a.m.

23 I certify that the foregoing is a true and
24 accurate transcription of my stenographic notes.

25 /s/
Rhonda F. Montgomery, CCR, RPR